

CONFIDENTIAL

11-3354-01

28 APR 1959

Mr. W. Averell Harrison

New York 28, New York

Dear Averell:

Many thanks for your note of 20 April and the enclosed report on India and Pakistan which I read with much interest.

I greatly appreciate your thought in bringing this to my attention and I have taken the liberty of forwarding it to some of my colleagues here for information and a further study.

With kindest personal regards.

Sincerely,

SIGNED

Allen W. Dulles
Director

O/DCI [] 23 April 59
Retyped: [] 24 & 27 April 59
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P. S. We enjoyed the meeting with you the other day and we can see you again when you are here.

/s/ A. W. D.

DOCUMENT NO. 94
NO CHANGE IN CLASS. ☐
☐ DECLASSIFIED
CLASS. CHANGED TO: TS S © 2011
NEXT REVIEW DATE:
AUTH: HR 70-2
DATE: 230281 REVIEWER: []

ORIGINAL CL BY []
☐ DECL ☒ REVW ON 2011
EXT BYND 6 YRS BY 3011
REASON 3d(7)

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MEMORANDUM FOR: Mr. Dulles

SUBJECT : Brief of Mr. Harriman's Report on
India and Pakistan

Mr. Harriman's report contained five articles on India and Pakistan, as follows:

1. India's awareness of the Communist menace,
2. Russian headlines re construction effort in India,
3. Warns on Reds in India,
4. Foreign aid held crucial to India, and
5. Urges U. S. policy shift in Asia.

In regard to the article on foreign aid Mr. Harriman advises that India faces four problems namely, food, employment, growing influence of the Communist Party and India's need of foreign exchange to buy equipment and materials. This need is estimated at between 500 million dollars and one billion dollars a year and it is here where the U. S. and other industrial nations can help with long term loans which will permit India to go forward with confidence. Mr. Harriman feels that we should spend more money on our information program in India.

Mr. Harriman points out that mutual fear and suspicion have led to heavy material expenditures in both of the hard-pressed countries of Pakistan and India. For example, two-thirds of the Pakistan National Government's revenue now goes for military expenditures and some 900 million dollars in U. S. aid has gone largely to the military establishment rather than to the economic growth of Pakistan. Mr. Harriman stresses the importance of better relations between India and Pakistan which are linked together by so much history. They need to settle the problem of the river waters question which involves six rivers, three of which flow into West Pakistan from India. He believes that "a settlement of this question, so vital to life in large areas of both countries, particularly Pakistan, would certainly relieve tensions and form a basis for future settlement of other disputes. As friends of both India and Pakistan, our influence and help can play a decisive role".

AAB

24 April 59